

# EXHIBIT 1

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

CONSTRUCTION FINANCIAL	:	CIVIL ACTION NO.
ADMINISTRATION	:	
SERVICES, LLC, d/b/a,	:	
CFAS	:	
	Plaintiff	:
	:	
vs.	:	
	:	
FEDERAL INSURANCE	:	
COMPANY	:	2:19-cv-0020-JMY
	Defendant	

Thursday, February 6, 2020

Oral Deposition of RICHARD  
DOBBS, taken pursuant to notice, at the  
offices of GORDON REES, 1717 Arch Street,  
Philadelphia, Pennsylvania, beginning at  
approximately 8:55 a.m., before Carol McAvey,  
Registered Professional Reporter and Notary  
Public, there being present.

\* \* \*

Job No. CS3973354

		Page 2		Page 4
1	APPEARANCES:			
2	KAPLIN, STEWART, MELOFF,		1	33 Document Bates stamped
3	REITER & STEIN, P.C.		2	FEDERAL000296 - 298
4	BY: KEVIN G. AMADIO, ESQUIRE		3	34 Document Bates stamped
5	910 Harvest Drive		4	CFAS000238 - 240
6	Suite 200		5	35 Document Bates stamped
7	P.O. Box 3037		6	CFAS002297 - 2298
8	Blue Bell, Pennsylvania 19422		7	36 Document Bates stamped
9	Phone: 610-941-2533		8	FEDERAL000003
10	kamadio@kaplaw.com			
11	Representing the Plaintiff		9	
12	GORDON & REES		10	
13	SCHULLY MANSUKHANI		11	
14	BY: KATHERINE MUSBACH, ESQUIRE		12	
15	One North Franklin		13	
16	Suite 800		14	
17	Chicago, Illinois 60606		15	
18	Phone: 312-980-6798		16	
19	kmusbach@grsm.com		17	
20	Representing the Defendant		18	
21			19	
22			20	
23			21	
24			22	
25			23	
			24	
			25	
		Page 3		Page 5
1	I N D E X		1	RICHARD DOBBS
2	---		2	RICHARD DOBBS, after having
3	WITNESS	PAGE	3	been first duly sworn, was examined and
4	RICHARD DOBBS		4	testified as follows:
5	BY MS. MUSBACH	5	5	---
6	BY MR. AMADIO	107	6	EXAMINATION
7	BY MS. MUSBACH	110	7	---
8			8	(Whereupon, Exhibit 25 was
9	E X H I B I T S		9	marked for identification.)
10	---		10	---
11	NUMBER	DESCRIPTION	11	BY MS. MUSBACH:
12	25	Notice of Deposition	5	12 Q. Can you please state your name for the
13	26	Affidavit of Tara Finkbeiner	30	13 record?
14	27	Document Bates stamped	45	14 A. Richard Dobbs.
15		CFAS000683 - 685		15 Q. And Mr. Dobbs, you understand that
16	28	Document Bates stamped	47	16 you're here as the corporate representative
17		CFAS002021 - 2022		17 for CFAS?
18	29	Document Bates stamped	51	18 A. I do.
19		CAS001797 - 1798		19 Q. And CFAS stands for Construction
20	30	Document Bates stamped	58	20 Financial Administration Services?
21		FEDERAL000001 - 02		21 A. Yes.
22	31	Document Bates stamped	59	22 Q. Have you received a copy of the notice
23		CFAS001268 - 1276		23 in advance of this deposition?
24	32	Document Bates stamped	63	24 A. I have.
25		CFAS001061 - 1062		25 Q. And you're prepared to talk about the

2 (Pages 2 - 5)

<p>1                   <b>RICHARD DOBBS</b></p> <p>2 topics in that notice?</p> <p>3 A. Yes.</p> <p>4 Q. Have you ever been deposed before?</p> <p>5 A. I have not.</p> <p>6 Q. Well, welcome to your first deposition.</p> <p>7 A. I'm very excited.</p> <p>8 Q. I'm sure you are.</p> <p>9                   I'm going to ask you a series</p> <p>10 of questions about the facts related to this</p> <p>11 lawsuit.</p> <p>12                   A couple things to make it go</p> <p>13 easier: If you can just wait until I'm done</p> <p>14 asking my question until you start answering</p> <p>15 it, it will make her life a lot easier.</p> <p>16                   Also, if you don't understand</p> <p>17 a question, just ask me. I can clarify it.</p> <p>18 If you answer a question, I'm going to assume</p> <p>19 you've understood it and you're answering it</p> <p>20 to the best of your ability.</p> <p>21                   Another thing, verbal</p> <p>22 responses. She can't pick up a nod of the</p> <p>23 head. It doesn't really fit into the record</p> <p>24 quite as well. So just make sure that you say</p> <p>25 yes or no or use an appropriate response.</p>	Page 6	<p>1                   <b>RICHARD DOBBS</b></p> <p>2 besides your attorney?</p> <p>3 A. Yeah, I did talk to the other partners,</p> <p>4 some of the other partners involved in CFAS;</p> <p>5 specifically Joe Cecere, who is now currently</p> <p>6 the president; Don Morse, who is the managing</p> <p>7 member and Scott Mahorsky, who is a partner in</p> <p>8 Keys Funding.</p> <p>9 Q. Would you mind spelling Joe's last name,</p> <p>10 please?</p> <p>11 A. C-E-E-R-E, I think. I know there's</p> <p>12 another C in there, isn't there?</p> <p>13                   <b>MR. AMADIO:</b> It's C-E-C-E-R-E.</p> <p>14                   <b>THE WITNESS:</b> That's why I</p> <p>15 brought Kevin.</p> <p>16                   <b>BY MS. MUSBACH:</b></p> <p>17 Q. Okay. And then Don Morse is the</p> <p>18 managing member?</p> <p>19 A. Yes.</p> <p>20 Q. And what does that mean? What's his</p> <p>21 role as managing member?</p> <p>22 A. Mainly he was -- has the -- and I'm not</p> <p>23 even sure what managing member means. But</p> <p>24 somebody had to be managing member. There's</p> <p>25 no real -- I think there's some legal things</p>	Page 8
<p>1                   <b>RICHARD DOBBS</b></p> <p>2                   And then I usually try to take</p> <p>3 a break every hour. But if you want to take a</p> <p>4 break earlier, let me know. We'll just try to</p> <p>5 -- I can either get to a good stopping point</p> <p>6 and then ask if you want a break or if you</p> <p>7 want one, just answer whatever question is</p> <p>8 pending and then we can go.</p> <p>9 A. Sounds good.</p> <p>10 Q. Okay. What did you do to prepare for</p> <p>11 today?</p> <p>12 A. Reviewed the -- I guess this is a</p> <p>13 subpoena -- no, deposition notice and reviewed</p> <p>14 the documents that I had access to that</p> <p>15 referenced or were related to, I believe, the</p> <p>16 31 topics that were named.</p> <p>17                   <b>MS. MUSBACH:</b> And these were</p> <p>18 all documents that were produced in this</p> <p>19 litigation?</p> <p>20                   <b>MR. AMADIO:</b> Yes.</p> <p>21                   <b>BY MS. MUSBACH:</b></p> <p>22 Q. Did you talk to anybody?</p> <p>23 A. Kevin and I went through the documents</p> <p>24 and the items that we were talking about.</p> <p>25 Q. Okay. And then did you talk to anybody</p>	Page 7	<p>1                   <b>RICHARD DOBBS</b></p> <p>2 about it, but I don't know what those are, to</p> <p>3 be honest with you.</p> <p>4 Q. Does he operate as the board</p> <p>5 essentially?</p> <p>6 A. No. All the partners get together for</p> <p>7 any decisions. But I don't know why he was --</p> <p>8 I don't know -- I don't know the legal reasons</p> <p>9 for him being managing member. I think there</p> <p>10 had to be one. So I don't know.</p> <p>11 Q. And then how does his function differ</p> <p>12 from the function of the president?</p> <p>13 A. Don is not involved in the day-to-day</p> <p>14 operations of CFAS. Joe Cecere runs the</p> <p>15 operation.</p> <p>16 Q. And when was Joe Cecere hired?</p> <p>17 A. A specific date -- I don't know the</p> <p>18 specific date. Joe's been there, I believe,</p> <p>19 since the end of 2018. I believe it was</p> <p>20 December of 2018. I don't know for sure.</p> <p>21 Q. And are there any other employees</p> <p>22 besides Joe Cecere?</p> <p>23 A. Yes, there is one other employee. I</p> <p>24 can't remember his last name, Craig that works</p> <p>25 with Joe. I can't remember Craig's last name</p>	Page 9

<p>1 RICHARD DOBBS  2 right now.  3 Q. Does Troy Zema still work for CFAS?  4 A. Troy does not. Troy left the  5 employment.  6 Q. And did he leave voluntarily?  7 A. Uh-hum.  8 Q. Did he leave around the same time as  9 John Fullmer?  10 A. No, Troy left mid 2018, I believe.  11 Q. And does Craig fill Troy's roles  12 basically?  13 A. Yes.  14 Q. And then what's the relationship between  15 Keys Funding and CFAS?  16 A. Keys Funding is a 49 percent owner of  17 CFAS.  18 Q. And who owns the other 51 percent?  19 A. Don Morse owns 41 percent and John  20 Fullmer owns 10 percent.  21 Q. What's the relationship between Keys  22 Funding and Mahorsky Group?  23 A. Common ownership.  24 Q. Is there any corporate relationship  25 between the companies?</p>	<p>Page 10</p> <p>1 RICHARD DOBBS  2 the operation. I operated as internal  3 underwriter and operations manager.  4 Q. And then what are your responsibilities  5 with relation to CFAS?  6 A. I am the designated partner from Keys  7 Funding for all the conversations and  8 discussions with CFAS.  9 Q. Do you have any other Mahorsky Group  10 companies that you are responsible for?  11 A. We do. We have another operation called  12 Brick Procurement.  13 Q. And is that similar to CFAS or does it  14 have a different --  15 A. Different operation.  16 Q. And you understand that we're here today  17 about a lawsuit involving insurance coverage?  18 A. Yes.  19 Q. And you understand that CFAS has  20 submitted an insurance claim for two wire  21 transfers?  22 A. I do.  23 Q. And you understand that those wire  24 transfers relate to two e-mails?  25 A. Yes.</p>
<p>1 RICHARD DOBBS  2 A. Outside of common ownership, no.  3 Q. And by common ownership, you just mean  4 Scott Mahorsky owns the company?  5 A. Scott Mahorsky is one of the  6 shareholders. I'm a shareholder of both and  7 Russ Wilson is a shareholder of both as well.  8 Q. And if you can briefly just go over your  9 educational background?  10 A. I graduated from high school. I  11 graduated from Marquette University with a  12 bachelor's in finance in 1990.  13 Q. Do you have any degrees beyond that?  14 A. No.  15 Q. What's your work background?  16 A. I worked in the surety industry since  17 1990, 21 years of that with surety companies.  18 In 2011, I became a partner in Mahorsky Group.  19 Q. And then you've worked at Mahorsky  20 Group --  21 A. Since.  22 Q. -- since 2011?  23 And what have your roles in  24 Mahorsky Group been?  25 A. I'm a vice president and secretary of</p>	<p>Page 11</p> <p>1 RICHARD DOBBS  2 Q. Or a series of e-mails that we're going  3 to talk about today.  4 A. Yes.  5 Q. Okay. I want to talk through a little  6 bit of background information. I'll show you  7 an exhibit in a minute, but I find they tend  8 to get in the way of getting some background  9 out.  10 So, SWF Constructors, what was  11 that?  12 A. SWF Contractors is a client of CFAS.  13 Q. And SWF Constructors was a joint venture  14 between two different companies; correct?  15 A. Correct.  16 Q. SWF Constructors was a joint venture  17 between Coastal Environmental Group and the  18 Burgos Group; is that correct?  19 A. Correct.  20 Q. Had SWF Constructors -- I'm sorry, was  21 it SWF Constructors or SWF Contractors?  22 A. I don't know, to be honest with you. I  23 always just referred to it as SWF.  24 Q. Okay. Had SWF had projects with CFAS  25 before this one?</p>

<p>1                   <b>RICHARD DOBBS</b></p> <p>2   A. This was SWF's first contract as a joint</p> <p>3   venture.</p> <p>4   Q. And the contract you're talking about is</p> <p>5   a contract for a border replacement project?</p> <p>6   A. Correct.</p> <p>7   Q. And so SWF was awarded a government</p> <p>8   contract to replace a section of border wall;</p> <p>9   is that correct?</p> <p>10   A. Correct.</p> <p>11   Q. And then SWF contracted with CFAS to</p> <p>12   provide funds administration services; is that</p> <p>13   correct?</p> <p>14   A. Yes, yes.</p> <p>15   Q. Am I understanding the contract?</p> <p>16   A. It was a condition of the surety bond</p> <p>17   provided to SWF that they use a funds control</p> <p>18   administration company. CFAS was that</p> <p>19   company.</p> <p>20   Q. And what were the services that CFAS</p> <p>21   provided?</p> <p>22   A. CFAS's job is essentially to receive and</p> <p>23   disburse funds on contracts. It is put in</p> <p>24   place generally by sureties in order to</p> <p>25   protect their rights to the money and make</p>	Page 14	<p>1                   <b>RICHARD DOBBS</b></p> <p>2   were actually Coastal Group e-mail addresses;</p> <p>3   is that correct?</p> <p>4   A. I would say partially. I believe there</p> <p>5   were some Burgos e-mail addresses as well.</p> <p>6   Q. Let me show you what has previously been</p> <p>7   marked as Defendant's Exhibit 2.</p> <p>8                   Did you review this document</p> <p>9   in preparation for your deposition today?</p> <p>10   A. Yes.</p> <p>11   Q. And this document is an affidavit that</p> <p>12   John Fullmer gave in an action entitled</p> <p>13   Construction Financial Administration Services</p> <p>14   versus HK Canopy Technology Limited; is that</p> <p>15   correct?</p> <p>16   A. Correct.</p> <p>17   Q. And this affidavit was prepared by</p> <p>18   Mr. Fullmer and CFAS's attorneys; is that</p> <p>19   correct?</p> <p>20   A. I believe so.</p> <p>21   Q. And does CFAS dispute any of the facts</p> <p>22   contained in this affidavit?</p> <p>23   A. No.</p> <p>24   Q. All right. So looking at Paragraph 12,</p> <p>25   Mr. Fullmer writes that over the course of the</p>	Page 16
<p>1                   <b>RICHARD DOBBS</b></p> <p>2   sure that those funds are delivered to the</p> <p>3   appropriate suppliers and subcontractors in</p> <p>4   order to prevent or minimize the risk of</p> <p>5   performance and payment claims on those</p> <p>6   projects.</p> <p>7   Q. And so part of CFAS's job is to protect</p> <p>8   the surety, too; is that correct?</p> <p>9   A. That's really the big job that they</p> <p>10   have.</p> <p>11   Q. Okay. And that's important because the</p> <p>12   surety is guaranteeing SWF's performance on</p> <p>13   the government contract?</p> <p>14   A. Performance and payment. There are two</p> <p>15   bonds; there's a performance bond and a</p> <p>16   payment bond, which the surety has liability</p> <p>17   for.</p> <p>18   Q. And during the course of this project,</p> <p>19   SWF communicated with CFAS about disbursement</p> <p>20   requests; correct?</p> <p>21   A. Correct.</p> <p>22   Q. And those requests were generally sent</p> <p>23   via e-mail?</p> <p>24   A. That's my understanding.</p> <p>25   Q. And the e-mail addresses that were used</p>	Page 15	<p>1                   <b>RICHARD DOBBS</b></p> <p>2   project, he would liaise with the contractor</p> <p>3   by e-mail from his e-mail account,</p> <p>4   jfullmer@cfasllc.com.</p> <p>5                   And that's John Fullmer's</p> <p>6   e-mail address that he used at CFAS, right?</p> <p>7   A. I believe so.</p> <p>8   Q. And then CFAS's contacts at SWF or</p> <p>9   Coastal were an individual named Tara</p> <p>10   Finkbeiner and an individual named Rick Silva;</p> <p>11   correct?</p> <p>12   A. I believe so.</p> <p>13   Q. And Rick Silva used the e-mail address</p> <p>14   rsilva@coastalgrp.net, C-O-A-S-T-A-L-G-R-P.</p> <p>15   N-E-T?</p> <p>16   A. I believe that's correct.</p> <p>17   Q. And then Tara Finkbeiner used the e-mail</p> <p>18   address tfinkbeiner, T-F-I-N-K-B-E-I-N-E-R</p> <p>19   @coastalgrp.net, C-O-A-S-T-A-L-G-R-P.N-E-T;</p> <p>20   correct?</p> <p>21   A. I believe so.</p> <p>22   Q. And then at some point, Ms. Finkbeiner's</p> <p>23   e-mail address was hacked; right?</p> <p>24                   <b>MR. AMADIO: Objection to</b></p> <p>25                   form.</p>	Page 17

<p style="text-align: right;">Page 18</p> <p>1 RICHARD DOBBS  2 BY MS. MUSBACH:  3 Q. On Paragraph 14, Mr. Fullmer says: I  4 subsequently discovered that the e-mail  5 account of my CEG contacts had been hacked.  6 Is it CFAS's understanding  7 that the e-mail address of  8 tfinkbeiner@coastalgrp.net had been hacked at  9 some point?  10 A. From the experts that we hired or that  11 worked for CFAS researched it, and that was  12 their determination.  13 Q. And I want to go through a series of  14 e-mails. If you look -- I don't know if  15 you're familiar with Bates stamps, but down in  16 the right-hand corner, there is what we call  17 Bates stamps. They're just numbers that we  18 give to documents. They start with CFAS.  19 A. Okay.  20 Q. And so going to CFAS 3529, I want to  21 walk through some of those e-mails.  22 So the first e-mail that  23 Mr. Fullmer includes in his affidavit is an  24 e-mail that says we received \$1,692,441.91  25 into the escrow account of SWF last night.</p>	<p style="text-align: right;">Page 20</p> <p>1 RICHARD DOBBS  2 anyone else after receiving this e-mail?  3 A. Per the deposition and affidavit that  4 Mr. Fullmer gave, I do not believe he did.  5 Q. And then based on this e-mail, he sent a  6 wire transfer to Hong Kong in the amount of  7 \$600,000; is that correct?  8 A. That is correct.  9 Q. And the e-mail had all of the  10 information he needed to send the wire  11 transfer; it had the amount of the wire  12 transfer, correct?  13 A. Technically, to send a wire transfer,  14 the information was there. In order for him  15 to release the funds, he did not follow the  16 procedures needed to release the money.  17 Q. Okay. But he was able to send the wire  18 transfer based only on the information in the  19 e-mail?  20 He didn't need any other  21 information in order to send the wire  22 transfer?  23 MR. AMADIO: Objection to  24 form.  25 MS. MUSBACH: I'll ask a</p>
<p style="text-align: right;">Page 19</p> <p>1 RICHARD DOBBS  2 Do you see that?  3 A. Yes.  4 Q. Okay. And then subsequent to that  5 e-mail, on April 9, 2018, is an e-mail that  6 Mr. Fullmer received from Ms. Finkbeiner's  7 e-mail account; is that correct?  8 A. Correct.  9 Q. And this e-mail directed Mr. Fullmer to  10 complete -- it says: Completed the attached  11 wire transfer for Rick this morning. Rick is  12 traveling. E-mail me once the transfer is  13 completed.  14 A. (Witness nodded.)  15 Q. And then do you see attached to this  16 e-mail an invoice with banking information?  17 A. Yes.  18 Q. And so, there was somebody who was using  19 Ms. Finkbeiner's e-mail address to send an  20 e-mail to Mr. Fullmer directing him to send a  21 wire transfer to a bank account in Hong Kong?  22 A. From what our experts tell us, that's  23 the case.  24 Q. And did Mr. Fullmer review any other  25 information besides this e-mail or talk to</p>	<p style="text-align: right;">Page 21</p> <p>1 RICHARD DOBBS  2 better question. That was a complicated one.  3 BY MS. MUSBACH:  4 Q. So in order to send the e-mail -- in  5 order to send the wire transfer, Mr. Fullmer  6 only needed the information in the e-mail; he  7 didn't receive any information about the  8 amount of the wire transfer, the bank account  9 for the wire transfer -- you know what, I  10 actually need to ask you about another e-mail  11 first. Sorry.  12 So if you turn to the next  13 page, CFAS 3533, Mr. Fullmer then e-mailed  14 Tara Finkbeiner back at her actual e-mail  15 address and he asked if she had a purchase  16 order; is that correct?  17 A. Correct.  18 Q. And then she responded and she said that  19 Rick will get you the purchase order that ties  20 the invoice once he's back. He says it's  21 important this goes out today.  22 Is that correct?  23 A. That's correct.  24 Q. And then he subsequently followed up and  25 he asked for an intermediary institution.</p>

<p style="text-align: right;">Page 22</p> <p>1 RICHARD DOBBS 2 Do you see that? 3 A. Yes. 4 Q. And then the person using Ms. 5 Finkbeiner's e-mail account responded and 6 said: Use Citibank as the intermediary bank 7 and there's a redaction mark redacting a 8 number as the fed routing number as requested. 9 Do you see that? 10 A. I do. 11 Q. And so then after that, did Mr. Fullmer 12 send the wire transfer? 13 A. That's my understanding. 14 Q. Okay. So between the federal routing 15 number and CFAS 3536 and the banking 16 information attached to the e-mail at CFAS 17 3532, he had all the information he needed to 18 send the wire transfer? 19 MR. AMADIO: Objection to 20 form. 21 BY MS. MUSBACH: 22 Q. Correct? 23 A. I'm not sure I understand the question. 24 I would say partially, in that 25 he had the ability to do the function of</p>	<p style="text-align: right;">Page 24</p> <p>1 RICHARD DOBBS 2 form. 3 THE WITNESS: He can 4 technically send the wire transfer. However, 5 he did not have the -- had not met the 6 standard or the applicable documents to 7 approve the transfer. 8 BY MS. MUSBACH: 9 Q. And the applicable documents didn't 10 prevent the wire transfer from going out? 11 A. According to his testimony, no. 12 Q. So the wire transfer still went to Hong 13 Kong even though he didn't have the applicable 14 documents? 15 A. Correct. 16 Q. And then after that e-mail, Mr. Fullmer 17 received a second request to wire transfer 18 money to Hong Kong; is that correct? 19 A. Correct. 20 Q. And that request to transfer money to 21 Hong Kong came from the actual e-mail address 22 of Tara Finkbeiner; correct? 23 A. According to our IT expert, yes, it did. 24 Q. And this second request to wire transfer 25 money to Hong Kong is at CFAS 3538 through</p>
<p style="text-align: right;">Page 23</p> <p>1 RICHARD DOBBS 2 sending the wire transfer. But as stated 3 before, he still had not gathered the 4 documents necessary to approve the sending of 5 the wire. 6 Q. Okay. So in order to send the wire, he 7 didn't need anything besides the information 8 on the e-mailed invoice at CFAS 3532 and the 9 intermediary bank information at CFAS 3536? 10 MR. AMADIO: Objection to 11 form. 12 THE WITNESS: It's the same 13 answer. Technically, again, he had the 14 information needed to send a wire transfer; 15 but he did not have the applicable documents 16 required by our standard operating procedures 17 to actually send the wire transfer. 18 BY MS. MUSBACH: 19 Q. Okay. So he was physically able to -- 20 or I don't know if "physically" is the right 21 word. 22 He was able to actually send a 23 wire transfer based on the information in CFAS 24 3532 and CFAS 3536? 25 MR. AMADIO: Objection to the</p>	<p style="text-align: right;">Page 25</p> <p>1 RICHARD DOBBS 2 CFAS 3540; correct? 3 A. Correct. 4 Q. And this e-mail also attached to it all 5 of the information needed to input and send 6 the wire transfer to Hong Kong; correct? 7 A. As stated before, the technical numbers 8 to send a wire transfer were provided. 9 However, the applicable 10 documents, specifically the disbursement 11 summary, disbursement voucher, the signed lien 12 waivers, an invoice which identifies the job 13 correctly and the actual specific items were 14 not provided. 15 So he did not have the 16 documents needed to approve the sending of 17 this. 18 Q. And despite not having the documents to 19 approve the sending of this, he was still able 20 to physically send the wire transfer with the 21 information in this e-mail; correct? 22 A. Yes. 23 Q. And these e-mails sent from 24 Ms. Finkbeiner's e-mail address requesting the 25 wire transfers, they also copied an e-mail</p>

<p style="text-align: right;">Page 82</p> <p>1 RICHARD DOBBS  2 this is a copy of the check from Hang Seng  3 Bank that was deposited into the SWF account?  4 A. Correct.  5 Q. And these funds are funds from the bank  6 account that the \$1,300,000 was wire  7 transferred into that had not yet been removed  8 by the perpetrator?  9 A. That's my understanding.  10 Q. And it's payable to Winston &amp; Strawn,  11 which was CFAS's attorney?  12 A. I believe so.  13 Q. And then has CFAS repaid the two loans,  14 the \$250,000 and the \$750,000 loan?  15 A. Partial repayment has been made on the  16 loan to FIA, First Indemnity of America.  17 Q. Okay. And what about the other loan?  18 A. No payments have been made on that one.  19 Q. Have either of the loans been forgiven  20 in whole or in part?  21 A. No.  22 Q. And then has CFAS put any other money  23 back into the SWF account?  24 A. No. They did, however, as part of the  25 agreement, waive their fees for the remainder</p>	<p style="text-align: right;">Page 84</p> <p>1 RICHARD DOBBS  2 A. The 127.  3 Q. Okay. And then \$127,000 from Hang Seng  4 Bank that was recovered from the account the  5 funds were wire transferred into, correct?  6 A. I don't think so. I mean, I don't think  7 there was any other money put in.  8 Q. There was no other money --  9 A. Right.  10 Q. -- recovered from --  11 A. Oh, no, there was definitely no more  12 money -- no other money has been recovered.  13 Q. There was no other money removed from  14 Hang Seng Bank and then there were no other  15 funds that were put into the SWF account?  16 A. Correct.  17 Q. Okay. And then did CFAS claim any other  18 damages as part of its insurance claim?  19 A. Well, I believe the insurance claim  20 includes the fees associated with recovering  21 the \$127,000. Approximately, I believe it was  22 approximately \$50,000 in legal fees, I  23 believe, is part of how we came to our  24 determination.  25 Q. Does CFAS have a record of those fees?</p>
<p style="text-align: right;">Page 83</p> <p>1 RICHARD DOBBS  2 of the Calexico wall project.  3 Q. And so the fees for the remainder of the  4 project, those were fees that CFAS was going  5 to earn on --  6 A. CFAS was due one percent of the total  7 contract price as a fee, and they waived their  8 remaining fees since April of 2018.  9 Q. And prior to April, had CFAS received  10 fees?  11 A. I believe they had collected  12 approximately \$35,000.  13 Q. Okay. And then from April forward,  14 there were -- would you call them servicing  15 fees that CFAS was going to earn on the  16 account?  17 A. Yes.  18 Q. And CFAS just agreed not to take the  19 servicing fees from April forward?  20 A. Correct.  21 Q. And outside of the \$750,000 loan, the  22 \$250,000 loan and the agreement not to take  23 servicing fees from April 2018 forward, did  24 CFAS otherwise put any money into the SWF  25 account?</p>	<p style="text-align: right;">Page 85</p> <p>1 RICHARD DOBBS  2 A. I'm sure they do. I don't have it with  3 me.  4 Q. Or an invoice? You were invoiced for  5 them presumably?  6 A. Yes.  7 MS. MUSBACH: I'll represent  8 those haven't been produced.  9 BY MS. MUSBACH:  10 Q. All right. And then when did CFAS start  11 doing business?  12 A. I believe it was 2016. '15, '16, end of  13 '15, into '16, I believe.  14 Q. And in 2015, 2016, who was the president  15 of CFAS?  16 A. John Fullmer.  17 Q. And did CFAS have a board?  18 A. No.  19 Q. It just had a managing member?  20 A. Uh-hum.  21 Q. And the managing member, was that  22 also --  23 A. It was Don Morse.  24 Q. Don Morse, okay.  25 And then was Scott Mahorsky</p>

<p style="text-align: right;">Page 86</p> <p>1 RICHARD DOBBS  2 also involved in CFAS at that time?  3 A. Scott Mahorsky, as a member of Keys  4 Funding, was involved.  5 Q. Was there anybody else in the 2015 time  6 period that had an interest in CFAS?  7 A. Keys Funding, Don Morse and John  8 Fullmer.  9 Q. How were decisions to purchase insurance  10 made?  11 A. In consultation with Don Morse and John  12 Fullmer, in consultation with the insurance  13 brokers.  14 Q. And the insurance brokers was ARC  15 Mid-Atlantic Excess &amp; Surplus?  16 A. No, it was Murray Insurance.  17 Q. Murray Insurance, okay.  18 Was there a specific person at  19 Murray Insurance?  20 A. Joe, and I'm forgetting his last name  21 right now. I can't remember the gentleman.  22 Q. And did CFAS discuss its insurance needs  23 internally?  24 A. I believe so. I wasn't part of those  25 conversations.</p>	<p style="text-align: right;">Page 88</p> <p>1 RICHARD DOBBS  2 Q. Did CFAS discuss crime insurance  3 coverage with its broker?  4 A. I don't know.  5 Q. Did CFAS decide to buy a crime insurance  6 policy?  7 A. I don't know.  8 Q. Did CFAS discuss fraudulent instruction  9 endorsements or insurance with its broker?  10 A. I don't know.  11 Q. Did CFAS decide to buy a fraudulent  12 instruction endorsement?  13 A. I don't know.  14 Q. Did CFAS discuss the risks of social  15 engineering fraud with its broker?  16 A. I don't know.  17 Q. Did CFAS decide to buy a policy  18 providing social engineering coverage?  19 A. I don't know.  20 Q. And then CFAS first bought this policy  21 in 2015, didn't it?  22 A. I believe so.  23 Q. And CFAS was able to discuss the risks  24 it faced and the scope of coverage provided by  25 the policy with the broker prior to purchasing</p>
<p style="text-align: right;">Page 87</p> <p>1 RICHARD DOBBS  2 Q. Okay. And I'm sorry, was there anybody  3 besides Joe at Murray Insurance that discussed  4 CFAS's insurance needs with them?  5 A. I have no idea.  6 Q. Besides CFAS's broker, has CFAS  7 discussed its insurance needs with anyone  8 else?  9 A. I don't know. I assume -- well, I know  10 they acquired some insurances through brokers,  11 so I would assume that would be the case.  12 Q. And prior to obtaining insurance through  13 brokers, CFAS had an opportunity to discuss  14 its insurance needs with those brokers?  15 A. I don't know.  16 Q. What kinds of insurance did CFAS  17 purchase?  18 A. E &amp; O insurance is the only one that I  19 actually reviewed. I don't know what other  20 insurance they have in place.  21 Q. And did CFAS discuss cyber insurance  22 coverage with its broker?  23 A. I don't know.  24 Q. Did CFAS decide to buy cyber insurance?  25 A. I don't know.</p>	<p style="text-align: right;">Page 89</p> <p>1 RICHARD DOBBS  2 the policy; correct?  3 A. I know CFAS provided the insurance agent  4 with an application and everything was  5 included on that application.  6 Q. Did CFAS discuss the risks that it was  7 seeking insurance for with the broker?  8 A. I was not privy to those conversations.  9 Q. Who was privy to those conversations?  10 A. Those would have been Don Morse and John  11 Fullmer, if they occurred.  12 Q. Did you discuss insurance -- the  13 purchase of insurance policies with them prior  14 to your testimony today?  15 A. No.  16 Q. And when CFAS bought the policy in 2015,  17 did CFAS review it?  18 A. I did not.  19 Q. Do you know whether Don Morse or John  20 Fullmer reviewed it?  21 A. I believe they did.  22 Q. And CFAS was informed the policy had an  23 unauthorized access exclusion, wasn't it?  24 A. I don't know.  25 Q. And who would have -- Don Morse would</p>